



Offer #401-HHS-004

Children's Health Insurance Program

This offer includes the following appropriations: CHIP

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Program Description:

This offer, in combination with the Department's Medical Assistance (Medicaid) Offer (401-HHS-003), supports the Governor and State Legislature's shared goal that all children in the state have health and dental coverage that meet standards of quality and affordability. These offers support initiatives to increase the enrollment of eligible children in health and dental care programs administered by the Department of Human Services.

The Children's Health Insurance Program (CHIP) and the Medicaid program are the Department's primary programs to ensure that all children in the state have health and dental care coverage. The CHIP program is administered under Title XXI of the Social Security Act and covers a comprehensive range of health and dental services for Iowa's children who meet the program's eligibility criteria. Under Title XXI, states have flexibility in how they operate their programs. Iowa's CHIP program includes a Medicaid expansion, a separate program called Healthy and Well Kids in Iowa (***hawk-i***), and the ***hawk-i*** Dental-only plan (described below). The purpose of CHIP is to increase the number of children with health and dental care coverage thereby improving their health and dental outcomes.

This offer includes the Medicaid expansion, ***hawk-i*** program, ***hawk-i*** Dental-only plan, and the costs necessary to administer the program and deliver the health and dental care benefits.

The Affordable Health Care Act signed into law on March 23, 2010, continues CHIP programs through September 30, 2019. The new law prohibits states from reducing their current eligibility standards until this date. The Affordable Health Care Act was signed into law on the coattails of the Children's Health Insurance Program Reauthorization Act of 2009 (CHIPRA). Under CHIPRA, funding for the program is provided through September 30, 2015, two years beyond its original expiration date.

The key characteristics of Iowa's CHIP program are as follows:

- CHIP is a federal program operated by the state. The program is financed with state and federal funds. The federal matching rate is 72.5 percent for FFY 2012 and it is estimated that the federal matching rate for FFY 2013 will be 72.0 percent. This means that the CHIP programs receive approximately a 3 to 1 match rate.

- CHIP was enacted to cover uninsured children whose family income is above the income limits for Medicaid. As noted above, Iowa's CHIP program has three components:
 - **Medicaid Expansion** - Provides health and dental services to qualified children through the State's Medicaid program, but at the enhanced federal matching rate. The children covered have incomes that are higher than regular Medicaid but lower than the ***hawk-i*** program.
 - **hawk-i** – Children are covered through contracts with commercial managed care health and dental plans to deliver a full array of health and dental services to qualified children. The ***hawk-i*** program covers prevention care (immunizations), primary care, hospital and emergency care, chiropractic care, vision, skilled nursing care, dental care, and behavioral care including substance abuse and mental health treatment. The coverage package is similar to a comprehensive, commercial health insurance plan. The children covered are those with incomes higher than the Medicaid expansion program, and whose income does not exceed 300 percent of the Federal Poverty Level (FPL).
 - **hawk-i Dental-only plan**- Iowa's Senate File 389 requires the implementation of a new Federal option to expand ***hawk-i*** benefits. On March 1, 2010, the ***hawk-i*** Dental-only plan was implemented and provides a dental-only benefit to supplement other coverage the family may have.

It is estimated that in SFY 2013 the CHIP programs will cover a total of 64,681 children and have a total budget of \$148,534,363 which includes \$41,589,622 from the General Fund, and \$106,944,741 in federal funds.

Who:

Medicaid Expansion

16,148 children were enrolled in the Medicaid expansion program as of June 30, 2011.

The Medicaid expansion provides coverage to children who are:

- Age 6 through 18 whose family income is between 100 percent – 133 percent of the FPL
- Infants whose family income is between 185 percent – 300 percent of the FPL
- U.S. citizens or lawfully residing immigrants
- Children and infants determined presumptively eligible by qualified entities

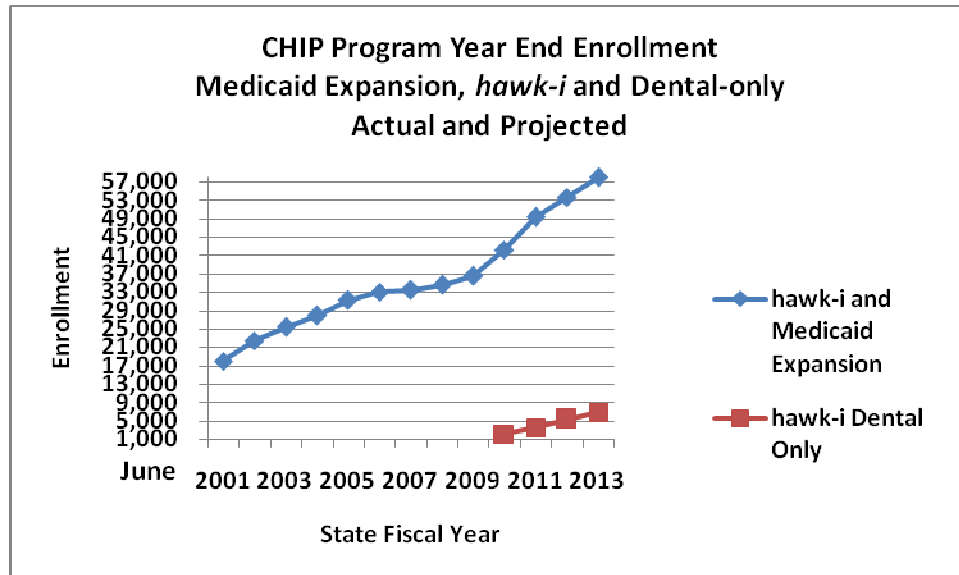
hawk-i Program

33,195 children were enrolled in the ***hawk-i*** program as of June 30, 2011. (Note: The final year-end enrollment number is not available until September 2011.) The ***hawk-i*** program provides health and dental coverage to children whose families have too much income to qualify for Medicaid but who do not have health care coverage.

Eligible children:

- Are under age 19
- Are uninsured and do not qualify for Medicaid
- Are U.S. citizens or lawfully residing immigrants
- Live in a family whose countable income does not exceed 300 percent of the FPL (for a family of four the maximum annual income is approximately \$67,050)
- Effective June 30, 2009, Iowa's income limits were increased for Medicaid expansion infants and **hawk-i** children (ages 1 through 18) from 200 percent to 300 percent of the FPL. As of June 30, 2011, 5,560 children in the expanded income group have been enrolled.

The following chart shows the growth in the Iowa CHIP program (both Medicaid Expansion and **hawk-i** programs) since 2001.

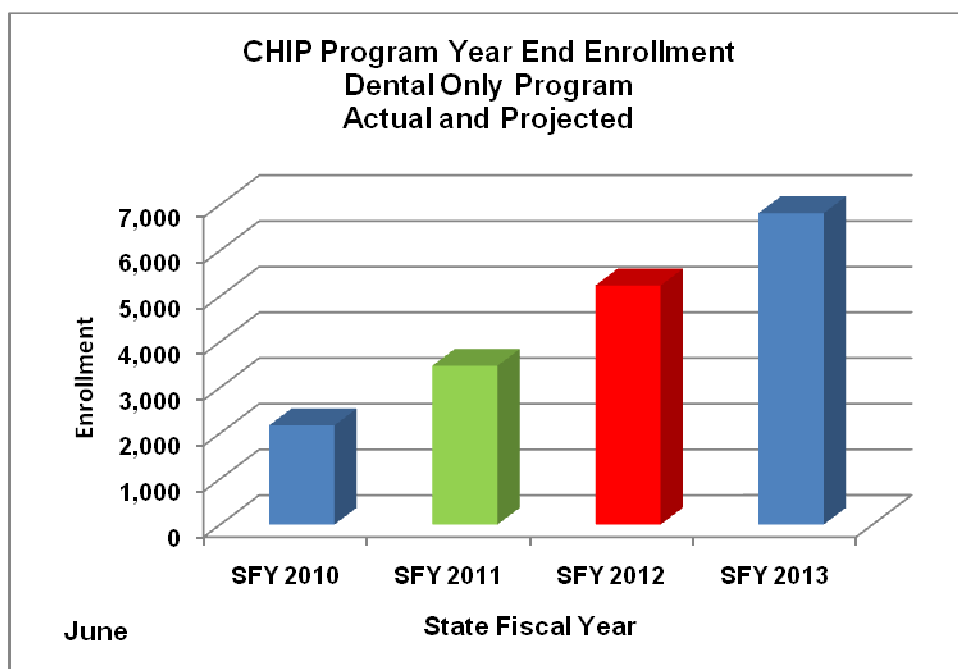


***hawk-i* Dental-Only Plan**

3,475 children were enrolled in the **hawk-i** Dental-only plan as of June 30, 2011. (Note: The final year-end enrollment number is not available until September 2011.) The **hawk-i** Dental-only plan provides dental coverage to children whose families have too much income to qualify for Medicaid. Unlike the **hawk-i** program children who have health or dental coverage may qualify. Eligible children:

- Are under age 19
- Do not qualify for Medicaid
- May have other health or dental coverage
- Are U.S. citizens or lawfully residing immigrants
- Live in a family whose countable income does not exceed 300 percent of FPL (for a family of four the maximum annual income is approximately \$67,050)

Unlike **hawk-i** health coverage, which requires children to be uninsured at the time of enrollment, the **hawk-i** Dental-only plan allows children to be covered even if the child is covered by another health or dental plan. In which case, the other insurance pays first and the **hawk-i** plan is a secondary payer. Medically necessary orthodontia has also been added to **hawk-i** dental benefits. As of June 30, 2011, 3,475 children have been enrolled in the **hawk-i** Dental-only plan.



What:

The Department's CHIP program provides coverage to children under three programs:

Medicaid Expansion Program

Children covered by Medicaid expansion receive the same services as any other child eligible for Medicaid services.

hawk-i Program

Children covered by **hawk-i** receive a comprehensive package of health and dental care benefits that include coverage for physician services, hospitalization, prescription drugs, immunizations, dental, mental health services, limited pre-approved orthodontia coverage, vision care and more. Children covered by an individual or group health plan are not eligible for the **hawk-i** program.

hawk-i Dental-Only Plan

The Department expanded the **hawk-i** program by adding the **hawk-i** Dental-only plan beginning March 1, 2010. Children covered by an individual or group health plan or dental plan can and still qualify for the **hawk-i** Dental-only plan. In this situation, the

hawk-i Dental-only plan becomes a secondary payer. The **hawk-i** Dental-only plan provides the same dental coverage to children covered in the **hawk-i** program including limited pre-approved medically necessary orthodontia care.

How:

Iowa has historically been among the top five states with the lowest uninsured rate among children, even though employer-sponsored health insurance coverage continues to decline. Enrollment growth in Iowa's CHIP program has been instrumental in providing coverage to thousands of uninsured children since 1998. The Department has partnered with the Governor, State Legislature, and advocacy groups to simplify and expand eligibility resulting in more children receiving health and dental coverage. Multiple State agencies and advocacy groups continue to do outreach to Iowa's families, make referrals, and enroll uninsured children in the CHIP and Medicaid programs.

Service Delivery:

Medicaid Expansion Program

The Iowa Medicaid expansion program was implemented in 1998 as the first step in expanding coverage to uninsured children allowed under the CHIP legislation. Key components of the program are:

- Children covered by Medicaid expansion receive covered services through existing Medicaid provider networks. Although these children receive Medicaid covered services through Medicaid providers, this activity receives enhanced Federal funding through Title XXI, rather than Title XIX.
- State expenditures for the Medicaid expansion component of the CHIP program are matched approximately 3:1 by Federal funds.

hawk-i Program

The **hawk-i** program was implemented in 1999 as the second step in expanding coverage to uninsured children allowed under CHIP. The **hawk-i** program is designed as a commercial health and dental care model. Participating plans include: Wellmark Health Plan of Iowa (WHPI), United Healthcare, and Delta Dental of Iowa. Children in the **hawk-i** program receive covered services through providers contracted with the participating health and dental plans. The health and dental plans provide insurance cards that are presented to the provider when obtaining services and the plans process all claims.

The administrative functions of the **hawk-i** program are handled through a contractual arrangement with a third party administrator (TPA). The TPA is responsible for:

- All aspects of application processing and eligibility determination.
- Customer service, assistance with the application process, answering the public's questions.
- Management information systems that provide automated eligibility and information storage, tracking and reporting, as well as technical support for computer equipment.

- Billing and collecting premiums and notifying the health and dental plans of enrollment.
- State staff provides policy clarifications, contract management, eligibility training, and general oversight.

Federal law requires that all children applying for the **hawk-i** program be screened for Medicaid eligibility. If a child appears eligible for Medicaid, the application is electronically referred to the Medicaid eligibility workers who are co-located with the Department's **hawk-i** TPA for processing. Monthly premiums for health and dental coverage are assessed based on family income. In SFY 2013 it is projected that approximately \$3.5 million in premiums will be collected. Premiums are charged based on family income as follows:

- Below 150 percent FPL (Native American and Alaskan Native) = \$0
- 150 percent to 200percent FPL = \$10 per child/maximum \$20 per family
- 201 percent to 300 percent FPL = \$20 per child/maximum \$40 per family

hawk-i Dental-only Plan

The **hawk-i** Dental-only plan was implemented on March 1, 2010. As with the full coverage **hawk-i** program the administrative functions of the Dental-only plan are handled through a contractual arrangement with a TPA. Children receive covered services through providers contracted with a participating dental plan. Currently there is only one dental plan (Delta Dental of Iowa) that provides dental and limited medically necessary orthodontia to eligible children. Federal law allows children with other health or dental coverage to be enrolled in the **hawk-i** Dental-only plan. If the child has other health or dental coverage the **hawk-i** Dental-only plan is a secondary payer.

The **hawk-i** Dental-Only plan provides insurance cards that are presented to the provider when obtaining services and the plans process all claims. Orthodontia services are limited to medically necessary services and must be approved prior to services being rendered. The dental plan processes all claims.

Monthly premiums are charged based on family income as follows:

- Below 150 percent FPL (Native American and Alaskan Native) = \$0
- 150 percent to 200 percent FPL = \$5 per child/\$10 maximum per family
- 201 percent to 250 percent FPL = \$10 per child/\$15 maximum per family
- 251 percent to 300 percent FPL = \$15 per child/ \$20 maximum per family

Quality Review

The Department contracts with the Iowa Foundation for Medical Care (IFMC) to conduct an external quality review of the health plans, encounter data analysis, a functional health assessment of children in the program, medical records reviews, health and dental outcome measurements, and quarterly provider geo-mapping analysis. These functions are all used to measure the impact of the program on children, ensure the availability of quality health care providers, and ensure that children are receiving appropriate care according to clinical guidelines.

Administrative Support

The following administrative supports are provided for this offer:

- Corporate oversight and compliance with accountable government act provisions
- Communication- state/federal relations, legislative inquiries, media contacts
- Program support - policy development and implementation, administrative rules, and employee manual CHIP state plan, Iowa Code
- Management information systems - automated eligibility and benefit determination, benefit issuance, information storage, reporting and technical support for computer equipment
- Training and technical assistance related to policies, procedures and management information systems
- Financial Accountability – budget, accounting, federal/state reporting, cost allocation, audit coordination and resolution
- Contract management - health and dental plans
- Quality control, quality assurance, research and program improvement
- Planning for implementation of health care reform.

Results Achieved:

Enrollment in the Medicaid expansion, **hawk-i** health and dental programs and **hawk-i** Dental-only plan is anticipated to experience steady growth. It is anticipated that as health and dental insurance costs continue to rise in the private market more families will rely on public assistance programs for health and dental coverage.

As indicated in the health and dental outcome measurement results below, children enrolled in the **hawk-i** health and dental programs are receiving quality services.

Result:	SFY 2011 Actual	SFY 2012 Projected	SFY 2013 Offer Projected
Enrollment:			
Medicaid Expansion	16,148	16,577	16,973
hawk-i Program	33,195	37,039	40,891
Dental-only plan	3,475	5,233	6,817
Total Enrollment	52,818	58,849	64,681
Percentage Growth In Enrollment	<i>SFY 2010 to 2011</i> 18%	<i>SFY 2011 to 2012</i> 11%	<i>SFY 2012 to 2013</i> 10%
Outcomes of Care for Children **			
Proportion of children with access to a primary care provider.	93.1	94.1	95.1
Proportion of children with asthma where appropriate medications are used.	83.7	84.7	85.7

Proportion of children with an annual dental visit.	69.3	79.3	80.3
Proportion of children who received a well-child examination at 3, 4, 5, and 6 years of age.	58.8	59.8	60.8
<p>* The measures reported were adapted from the 2007 Healthcare Effectiveness Data and Information Set (HEDIS) by Iowa Foundation for Medical Care (IFMC) annually. The HEDIS outcome measures were determined through an analysis of health and dental plans claim encounters and eligibility data. An analysis of care for children enrolled in the hawk-i program during FFY 2009 (October 1, 2008, through September 30, 2009) were reported November 2010. Actual HEDIS data cannot be utilized until claims data has been finalized and that is generally 18 months following the fiscal year.</p>			

Impact of Proposed Budget on Results:

Current Results:

The offer maintains the current eligibility levels and covered services for recipients of Medicaid Expansion, **hawk-i** and **hawk-i** Dental-only plan. The offer addresses projected growth in enrollment in the program due to economic conditions, as well as changes in utilization patterns and costs. The offer assumes a continuation of current statute and regulation.

This offer results in an increase in General Fund need of \$8,783,520 for SFY 2013. The detail for the increase is as follows:

- \$6,470,990 to maintain the **hawk-i** program serving children from 133 to 300 percent of FPL at the SFY 2012 ending enrollment of 37,039 children, including those children enrolled as the result of implementing the following provisions of 2009 Iowa Acts, SF 389, in SFY 2010; covering children up to 300 percent of FPL; covering legal permanent resident children and presumptively eligible children. This funding will also maintain the dental-only program at the SFY 2012 ending enrollment of 5,233 children. No additional children can be added at this level of funding.
- \$1,569,858 to allow growth in the **hawk-i** program serving children from 133 to 300 percent of FPL. Allow growth in SFY 2013 from 37,039 children to a year end enrollment of 40,891 children (an increase of 3,852 children with growth staggered over 12 months). This package would also allow growth in **hawk-i** Dental-only coverage from the SFY 2012 year end enrollment level of 5,233 to a SFY 2013 year end enrollment level of 6,817 children. And a \$742,672 reduction in federal matching rate from 72.5 percent to 72 percent.
- Enrollment in the **hawk-i** program increased 23 percent in SFY 2010 and 18 percent in SFY 2011 due to the expansion of **hawk-i** eligibility to children between 200 percent to 300 percent of FPL (effective 7/1/09) and the addition of the Dental-only program (effective 3/1/10). The Department also expanded outreach efforts to reach these new eligibility groups.

- The last nine months of SFY 2011, growth in the **hawk-i** program dropped to 12 percent as more of the children eligible for **hawk-i** and Dental-only remained enrolled and the number of children applying for the **hawk-i** program slows down. It projected that overall enrollment will continue to increase in SFY 2012 (11 percent overall growth) and SFY 2013 (10 percent overall growth). Outreach will become more streamlined in SFY 2012 with grassroots outreach continuing. Over time, data shows that enrollment in the **hawk-i** and Dental-only has grown with word-of-mouth referrals, by family and friends, being the number one source of outreach.
- Looking forward, as the economy improves, family incomes may increase resulting in more children, those currently enrolled in Medicaid, becoming eligible for the **hawk-i** program.

Legal Requirements:

Federal:

Title XXI of the Federal Social Security Act provides states with options to design programs to provide health care coverage to targeted low-income, uninsured children and Dental-only plan to insured **children**. The Affordable Health Care Act, signed into law on March 23, 2010, continues CHIP (Title XXI) programs through September 30, 2019. The new law prohibits states from reducing their current eligibility standards until this date. Under CHIPRA, funding for the program is provided through September 30, 2015, two years beyond its original expiration date.

State:

Chapter 514I of the Code of Iowa mandates the Department of Human Services to have a CHIP program. 2009 Iowa Acts, SF 389 amended Chapter 514I in a number of ways to increase health and dental care coverage for uninsured Iowa children.